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# AGRICULTURAL OUTLOOK

## DIGEST

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April brought forth new data of special interest to the agricultural outlook.

\* The cattle on feed report covering the first quarter of 1969 pointed to continued large supplies of fed beef in the months ahead.

\* The report on grain stocks as of April 1 indicated slightly less feed grains but more wheat and soybeans on hand than a year ago.

\* Other reports signaled a buildup in broiler output, detailed a further slide in milk production, raised this year's winter wheat crop estimate, and traced the impact of the recent dock strike on our agricultural trade abroad.

\* Also, on the general economic front, the gross national product in the first quarter rose 1-3/4 percent, about the same increase as in the fourth quarter of 1968--reflecting a 1 percent rise in prices and a gain of 3/4 of 1 percent in volume of output.

Fed cattle marketings in January-March were 6 percent above a year earlier. With generally lighter weights and smaller marketings of nonfed cattle, total beef output was up only about 2 percent. Expanding consumer demand kept cattle prices relatively strong. (See charts on page 2.)

Price strength should be largely maintained through the second quarter. Feeders' reported intentions as of April 1 pointed to 6 percent more marketings in the second quarter than a year earlier.

Average marketing weights of cattle may continue relatively light, but the margin might narrow. On April 1 there were 9 percent more steers on feed and only 3 percent more heifers than a year earlier--steers tend to be heavier at slaughter.

On into summer, fed cattle marketings likely will remain 4-6 percent above a year earlier. April 1 weight groupings

of animals likely to reach slaughter finish after midyear showed increases of 3 percent in heifers on feed (500-700 pounds) and 6 percent in steers (700-900 pounds).

Placements on feed in the first quarter were 1 percent below the year-earlier rate, partly reflecting an unusually large movement into feedlots late last fall. With continued increases in marketings out of feedlots, placements are probably climbing this spring, fueling the demand for feeder stock.

Feed grain use domestically is up substantially so far this feeding year, more than offsetting smaller exports. Thus, total disappearance likely will exceed 1968 production, leaving the carry-over at the close of 1968/69 down somewhat from the 48 million tons at the beginning.

Feed grain stocks April 1 were 1 percent below a year earlier, due to heavy domestic use so far this year--liberal feeding of an increased number of live-stock. All 4 feed grains have shared in the gain in domestic use this season.

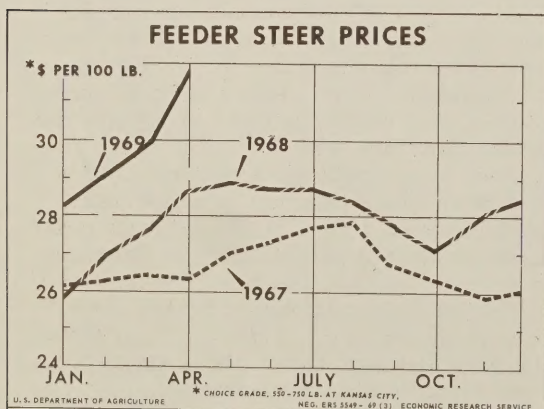
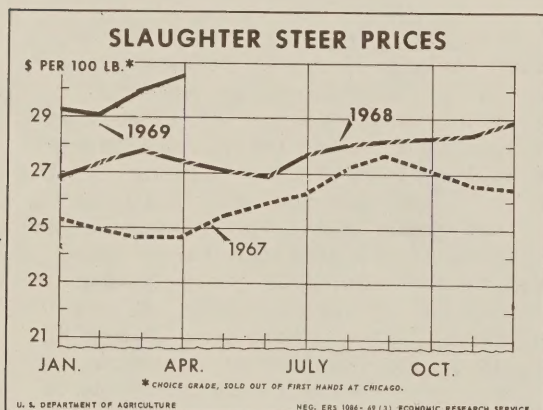
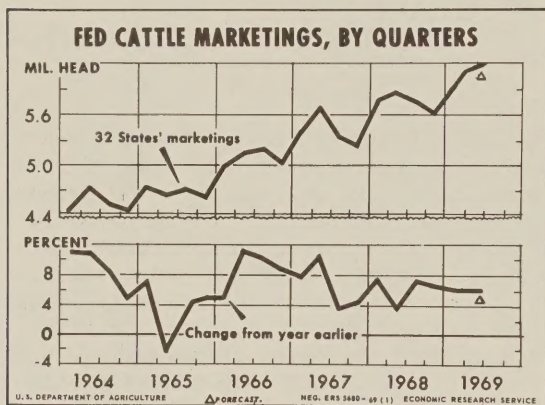
Feed grain exports in October-March 1968/69 totaled a little under 8 million tons, about 5 million less than a year earlier. Much of the reduction was due to the dock strike. Even though exports are expected to show some recovery in April-September, the season's total probably will be sharply below the 23 million tons shipped last year.

Feed grain prices have increased a little more than seasonally since last fall. The U.S. price index of feed grains rose 12 percent from October to February, then dipped slightly in March. The average for the 6 months was slightly lower than a year earlier. Prices of corn and grain sorghums are above the loan rates, and oats and barley are close.

The large quantities under loan and owned by CCC and the strong domestic demand likely will give strength to feed grain prices this spring and summer.

Livestock-feed price ratios continued favorable to livestock and poultry producers in October-March, encouraging liberal feeding and increased livestock production.

Price support activity in 1968/69 has been at the highest level of recent years. As of April 1, nearly 17 million



tons of 1968-crop feed grains had been placed under loan. Volume of grain sorghum under loan is up substantially from a year earlier, and oats and barley are up sharply; less corn has been placed under loan this season.

The soybean carryover at the end of the current marketing year will be sharply above the 167 million bushels of a year earlier--probably to about 315 million bushels--because of relatively small increases in domestic use and exports and the record-large supply for the 1968/69 year.

The April 1 stocks report largely confirmed these prospects. Soybean stocks totaled 707 million bushels, 32 percent above a year earlier.

Soybean crushings for the current marketing year are estimated at 585 million bushels, about 2 percent more than 1967/68. During September-March 1968/69, crushings totaled 350 million bushels, up 2 percent. Disappearance of soybean oil has been at a record rate and stocks are sharply below last year. But soybean meal disappearance suffered from the 2-month dock strike, which resulted in stock buildups at plants and ports.

Soybeans exported from last September through March totaled 186 million bushels compared with 172 million during the same period a year ago. Inspections before the dock strike began on December 20 were running well above a year earlier, and they made a sharp recovery after the strike ended February 21 at most Atlantic and Gulf ports. Soybean exports this summer may slacken as foreign buyers go on a hand-to-mouth basis in anticipation of lower prices for 1969-crop soybeans. Nevertheless, exports for the entire marketing year ending September 1 may total 15 to 20 million bushels above the 267 million last season.

As of April 1, about 302 million bushels of 1968-crop soybeans were under CCC loan. In addition, CCC had 74 million bushels of earlier crops resealed, and owned another 52 million bushels. The combined total of 428 million bushels is substantially greater than the estimated carryover next September; thus an additional 150 to 170 million bushels probably will be redeemed before new-crop soybeans are available, so as to meet crushing and export demand. Estimated redemptions are

based on the assumption the trade carry-over will be at a minimum of 35 to 40 million bushels.

Prices received by farmers for soybeans increased from a harvest low of \$2.32 per bushel in October 1968 to about the \$2.50 support level in March 1969. Prices the next few months are expected to rise sufficiently to bring about redemption of 150-170 million bushels. During the latter part of summer, farm prices will be influenced by such considerations as the progress of the 1969 crop, volume of soybeans under CCC control, and the reduced loan rate for 1969-crop soybeans.

Broiler meat output in January-March was more than 6 percent above the same period a year ago. But due to strong demand, wholesale ready-to-cook prices averaged 28.1 cents per pound, up about 1 cent.

Broiler chick placements and eggs set for marketing in the spring point to around 8 percent more output than last spring. Output through the summer is expected to remain well above a year earlier, but the increase may not be as great as in the spring.

With increased broiler production and strong competition from larger supplies of red meats, broiler prices through the rest of spring may continue close to year-earlier levels; prices in the second half may be moderately below 1968.

#### Turkey production in the first half

of 1969, when output is seasonally light, is expected to total around 8 to 10 percent below a year earlier. However, large cold storage holdings of turkey at the beginning of the year helped maintain first quarter supplies.

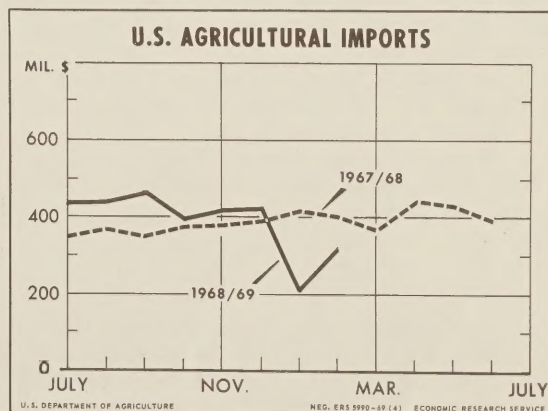
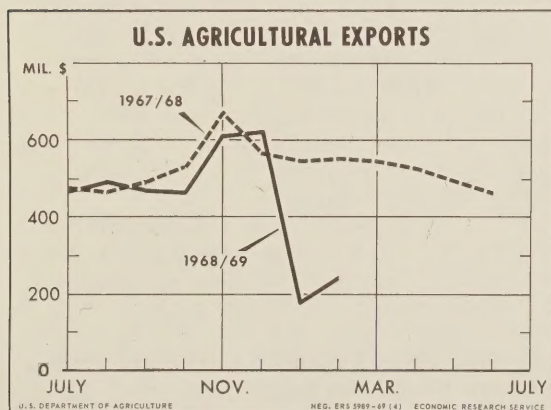
January-March prices averaged 19.9 cents per pound, 2 cents above a year earlier but down from December and below most recent years.

For the main marketing season next September-December, production will likely be above a year earlier, since producers have indicated intentions to raise 3 percent more turkeys.

Egg production is likely to continue below last year's level through spring and early summer.

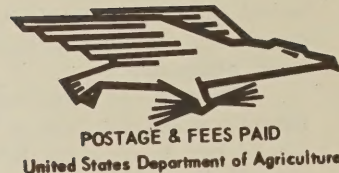
Pullet placements increased in the second half of 1968 and through February this year. A cutback in placements occurred in March, and on April 1 there were 9 percent fewer eggs in incubators than a year earlier. But enough pullets probably are now being raised to bring the size of the laying flock to last year's level by late summer or early fall.

Egg prices to producers averaged 40.4 cents per dozen in January-March, 10 cents above a year earlier. Spring prices are seasonally lower with increasing production, but they will likely average well above the 28.6 cents per dozen for April-June 1968. Prices in the second half may be a little below 1968's 38 cents.



Agricultural exports this fiscal year have faced stiffer competition from large crops abroad and continued protectionist policies by the Common Market. The dock strike last winter at Eastern and Gulf ports further throttled export prospects. For the year ending June 30, exports are likely to total well below the \$6.3 billion of the previous year. Through February of the current year, an 18 percent decline in value had been registered, hitting grains, oilseeds, cotton, and tobacco the hardest. Meanwhile, agricultural imports were up 3 percent in value, reflecting gains in competitive imports. Total complementary imports were slightly lower, due mainly to reduced coffee receipts.

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Milk production in March continued below a year earlier, bringing first quarter 1969 output to 28.2 billion pounds, down 1.5 percent on a daily average basis. Milk production, below a year earlier nearly every month since early 1965, will likely remain so in the second quarter of 1969.

The 1969 wheat crop is currently estimated at 1,438 million bushels, about 6 percent below a year earlier. This estimate includes projection of a 298 million bushel spring wheat crop, based on the March planting intentions report. Prospective winter wheat output at 1,140 million bushels is up slightly from the December estimate, as the crop in most areas wintered well. Total harvested acreage in wheat is expected to drop well below last year's 55.3 million acres, reflecting both the cut in allotments and voluntary acreage diversion this year.

April 1 wheat stocks totaled 1,112 million bushels, 32 percent above last year. Domestic use has been holding up well this marketing year, but exports have been off sharply.

Supplies of fresh vegetables and potatoes this spring may be about as large as last year. Inventories of most processed vegetable and potato items are heavy, while stocks of dry beans and peas are below normal.

Fresh vegetable crops in California were hurt by heavy winter rains but development elsewhere has been good. Spring lettuce output will be sharply below a year ago. Asparagus, broccoli, and cauliflower tonnage will also be down. But most other major crops are likely to exceed last spring's volume. Large production increases are expected for early-spring sweet corn, onions, and tomatoes.

Celery and green pepper supplies also may be up considerably. With the notable exception of lettuce, prices for most fresh vegetables are likely to average below the levels of last spring.

Processed vegetable inventories are much larger than a year ago and a heavy carryover is likely.

Potato supplies this spring will probably be close to the large supplies of a year ago. Storage stocks are relatively large and prospective new-crop supplies are above those of 1968. Strong processor demand and trade uncertainty over timing of spring crop harvests helped keep prices higher than those of a year ago through early spring. But weakness has developed in some areas in recent weeks. Wet weather has delayed California's important late-spring crop, perhaps leading to a harvesting gap in June. The delay may subsequently cause a larger than normal overlap between early and late spring crops in July.

Potato growers reported intentions to plant about the same acreage for summer and fall harvest in 1969 as they did in 1968.

Wool prices improve. Boston prices for most grades of U.S. shorn wool in March ranged from 3 to 8 percent above a year earlier, and likely will remain around current levels during spring and summer. For the year, producers' prices are expected to average a little above last year's 40.5 cents a pound, grease basis. U.S. wool production will be down in 1969, based on the reduced sheep inventory, and apparel wool use in the United States probably will increase a little more. Also, expected larger wool consumption in other countries will result in firm prices for imported wool.